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## REMARKS

Claims 1-21 were pending in this application. Claim 12-17 have been withdrawn from consideration. Claims 1-11 and 18-21 were rejected in the Office Action dated 30 May, 2003 ("Office Action"). Applicants have amended claims 1, 3-5 and 18, cancelled claim 2, and added new claim 22 in order to more particularly and completely claim the present invention. No new matter has been introduced. Allowance of claims 1, 3-11 and 18-22 is requested.

Applicants confirm the claims 1-11 and 18-21 were elected with traverse. Applicants reserve the right to pursue the subject matter of withdrawn claims 12-17 in a subsequent divisional application.

In the Office Action, the Examiner rejected claims 1-11 and 18-21 under 35 U.S.C. 102(e) as being unpatentable over US Patent No. 6,549,854 to Malinverno et al. (hereinafter "Malinverno"). Malinverno discloses a method, apparatus, and article of manufacture that use measurement data to create and update a model of a subsurface area.

Importantly, however, Applicants have been unable to locate any teaching or disclosure of using the earth model to predict conditions under which the borehole will fail and then comparing such predicted failure conditions with a diagnosis of the borehole based on data received while drilling. In rejecting original claim 2, which contains similar language, the examiner refers to col. 5, lines 8-11. However, in that passage applicants can only find a disclosure of a "Prediction Algorithm" with no mention of predicting conditions under which the borehole will fail.

Accordingly, it is respectfully submitted that Malinverno does not anticipate claim 1, since that claim as amended recites in part:

predicting one or more conditions under which the borehole will fail based on the earth model;

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comparing the predicted failure conditions with a diagnosis of the borehole to identify at least one inconsistency, the diagnosis being based on the received data . . ..

The recited claim limitations have not been found in the Malinverno reference.

Claim 18, as amended, recites similar limitations. The remaining claims are all depended either directly or indirectly upon either claim 1 or claim 18, and therefore are not anticipated by Maliverno for at least the same reasons as claims 1 and 18.

Applicants note that Malinverno is not available as a reference under 35 U.S.C. 103(a), because of the provisions of 35 U.S.C. 103(c). Specifically, the present invention was filed after 29 November 1999, and the subject matter of Malinverno and the presently claimed invention were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person. The employer(s) of the inventors of Malinverno and the employer(s) of the inventors of the present invention were at the time the invention was made the same or affiliated companies in the Schlumberger group of companies and there existed an obligation to assign the subject matter of Malinverno and the presently claimed invention to the same person, namely Schlumberger Technology Corporation.

In light of the above amendments and remarks, applicants believe that the present application and claims 1, 3-11 and 18-22 are in proper condition for allowance. Such allowance is carnestly requested.

Respectfully submitted,

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